



XXL

XXL ASA – Q3 2024

Navigating the downturn while preparing for market recovery in 2025

Presentation of Financial Results November 6th, 2024

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This presentation was prepared for the interim results presentation for the third quarter 2024, held on November 6th, 2024. Information contained herein will not be updated. The following slides should also be read and considered in connection with the information given orally during the presentation.

Agenda

The agenda is presented as a vertical list of three items. Each item is contained within a white rectangular box that has a dark green vertical bar on its left side. The numbers 1, 2, and 3 are placed inside these green bars, while the corresponding text is to their right.

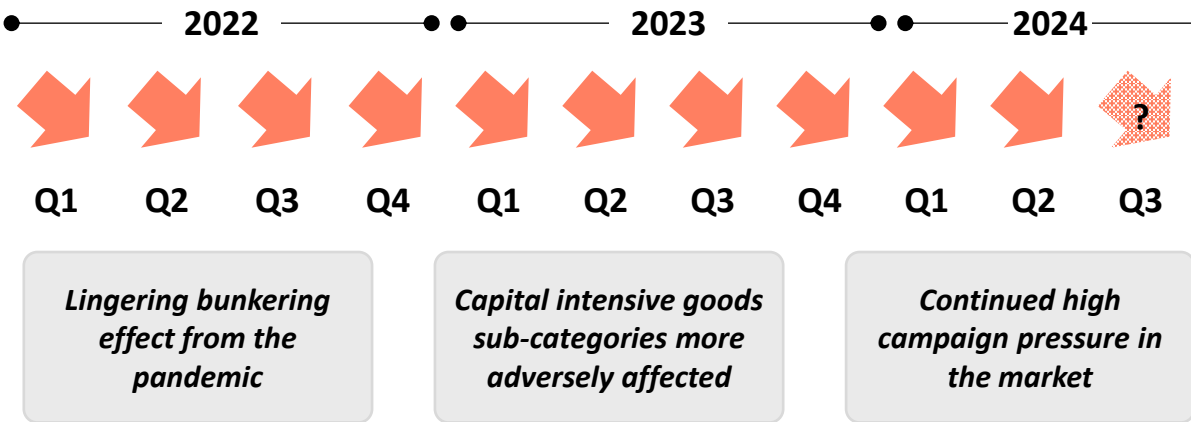
1 CEO update

2 Financial results

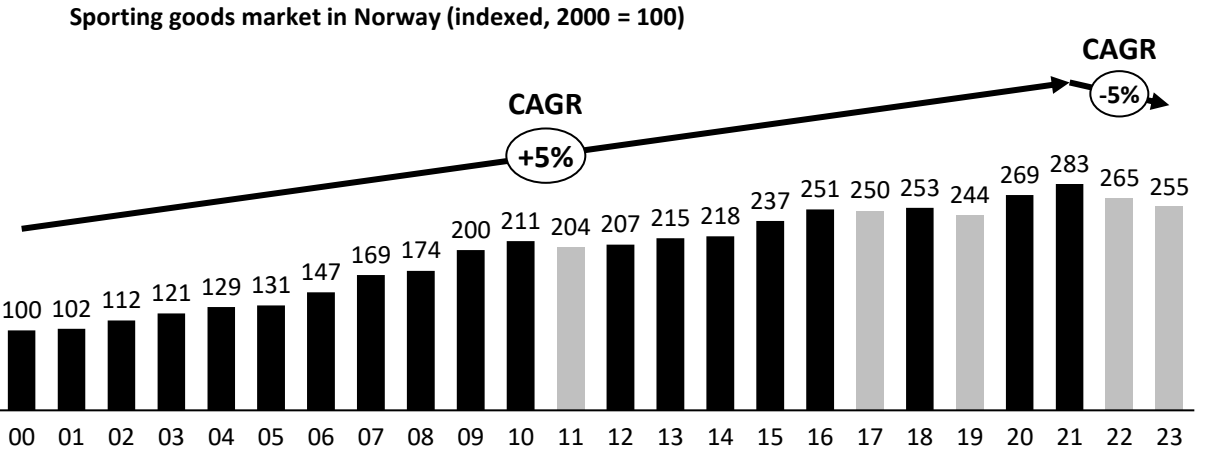
3 Final remarks

The Nordic sporting goods & outdoor market has now seen ten consecutive negative quarters, but we are convinced of its long-term resilience and growth

1 The Nordic sports markets have experienced 10 consecutive quarters of negative growth



2 However, XXL believes in the long-term resilience and growth for the Nordic market



3 .. Strongly supported by key global megatrends as drivers for a resilient long-term market outlook

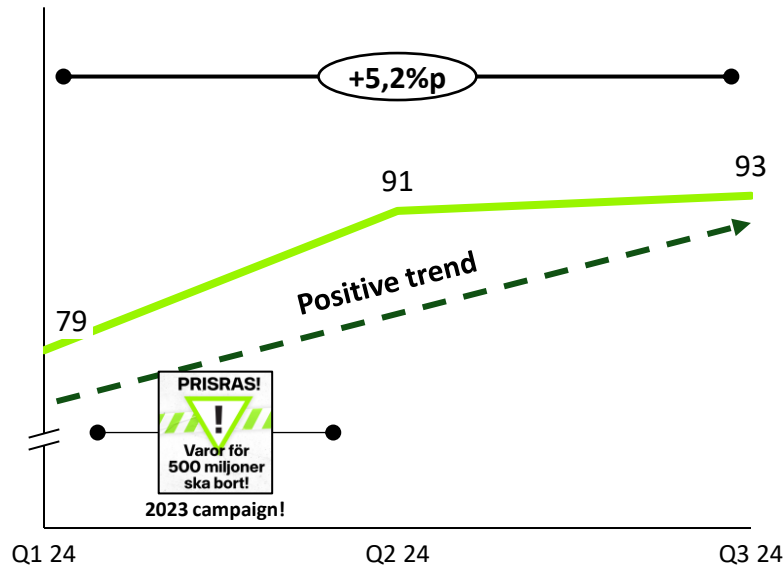
- Consumer price sensitivity
- Health & wellness trends
- Increase in equipment-focused sports
- Weather and seasonal patterns
- Fashion and life-style trends
- Growth in e-commerce

✓ We believe in a gradual recovery during 2025, with Sweden already leading the way with interest rate cuts as well as early indicators of improved revenues and EBITDA in the quarter

Sales recovery since Q1, but top line hampered by low inventory of fast-moving goods

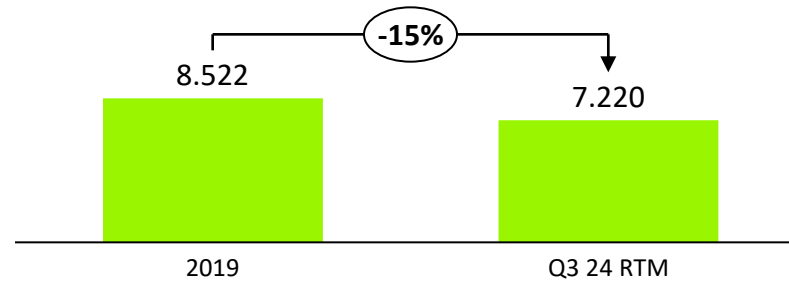
Soft top line, but positive trend throughout 24

Sales YoY (Index) & GM improvement vs. LY (%-points) in circle

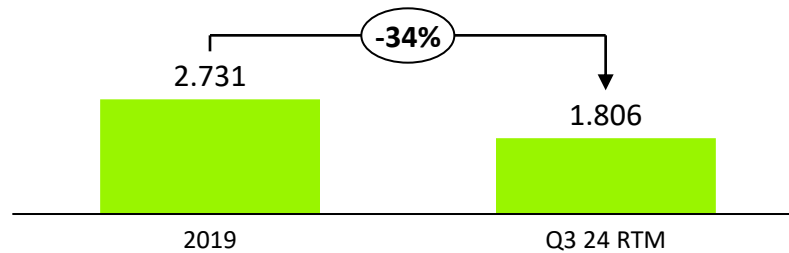


Despite record low inventory vs. revenues

Revenue (mNOK)

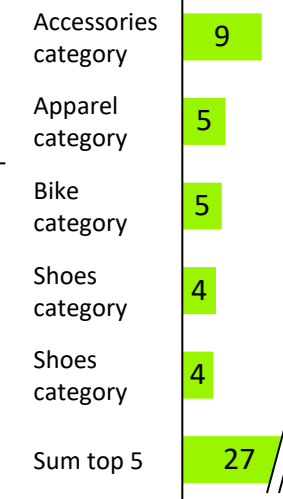


Average inventory (mNOK)

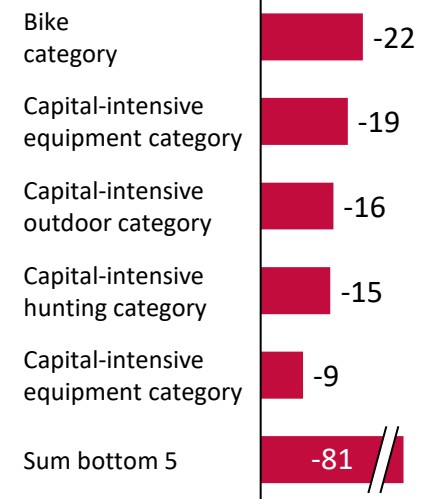


Still focus on optimizing inventory composition

Top 5 category sales vs. LY (mNOK)



Bottom 5 category sales vs. LY (mNOK)



- Three store re-openings in Sweden with 16 closed days due to relocation activities during Q3

- Record low inventory level is holding back sales vs. last full year pre-covid

- Capital-intensive products remain challenging

We are in the midst of Resetting and Rethinking XXL by leveraging the group's unique strengths

1 We are consolidating to three core markets, in a region where we remain the market leader

XXL Company Presentation

We have gone from being a small player in Norway, to one of the largest sports & outdoor retailers in the Nordics

Key figures

- The largest sports retailer in the Nordics, established 2001
- Total revenues of NOK ~8 billions in 2023
- The Group has approximately 4 500 employees (incl. full- and part time)
- XXL is a true omni-channel sports retailer with the largest stores, well-functioning online websites, the widest assortment of products, focusing on well-known quality brands at the best prices in the market

Norway 39 stores

Sweden 30 stores

Finland 16 stores

2 We are leveraging our highly centralized business model & leading omnichannel offering

XXL Company Presentation

We are Today a true Nordic omni-channel retailer with e-commerce at large scale

Fully integrated value chain — from decision to implementation in days.

Strong retail network across the Nordics.

- 85 stores in three markets
- ~30million store customers
- Conversion rate > 42%
- #1 Nordic Sport Retailer

Automated central warehouses.

- Locations: Norway, Sweden
- High level of automation
- Full integration with store network
- Setup capable for European roll-out

Strong e-commerce presence.

- High traffic web sites across our markets
- Biggest Nordic e-com sport retailer
- ~100 M visits and ~2.0 BNOK revenues in 2023
- Over 3,8 million Reward members

3 We are increasing utilization of our leading customer reach and restoring our low-price position

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We continue to be obsessed by Great brands, Great Products and Great prices

We have unique customer reach in the Nordic market

- SoMe Followers: +500K
- Instagram Yearly visits: +26M
- Newsletters Yearly send outs: +120M
- Customer club members: +3,9M
- Ecom Yearly visits: +90M

- With an increasing focus on loyalty

XXL Reward - 1å Sponsorings på alle kjøp!

XXL Pay

“Reset” progressing well, while we have also begun to “Rethink”

RESET

Top line quick wins and cost control



RETHINK

Accelerate key top line levers



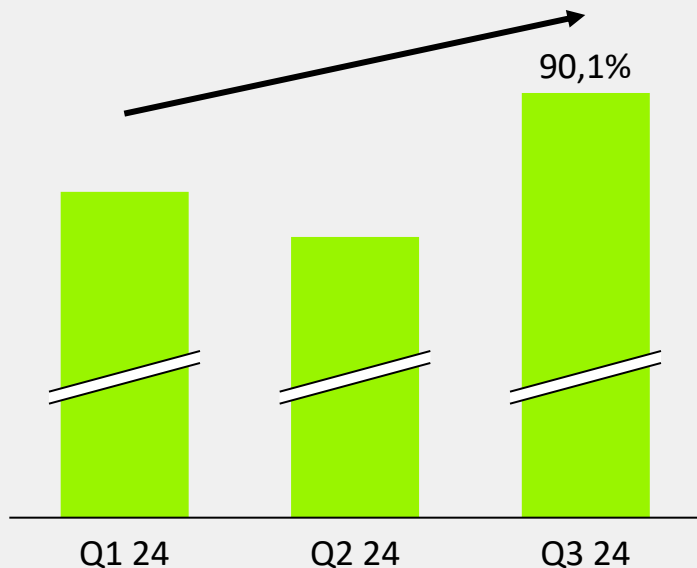
Market recovery expected during 2025 vs. previous assumptions of recovery in 2024

MWB indicators | Strengthened inventory composition with regards to healthy stock and quantities, with a continued positive gross margin trend

CATEGORY RESET

Healthy share of inventory improving, i.e. less clearance stock

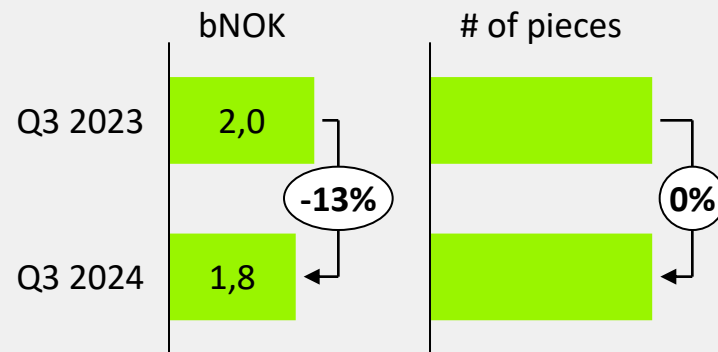
Development share of active assortment in inventory (%)



AVAILABILITY

Significant decrease of inventory value, while # of pieces in stock stable, however availability on top 1000 products still lagging behind

Development inventory



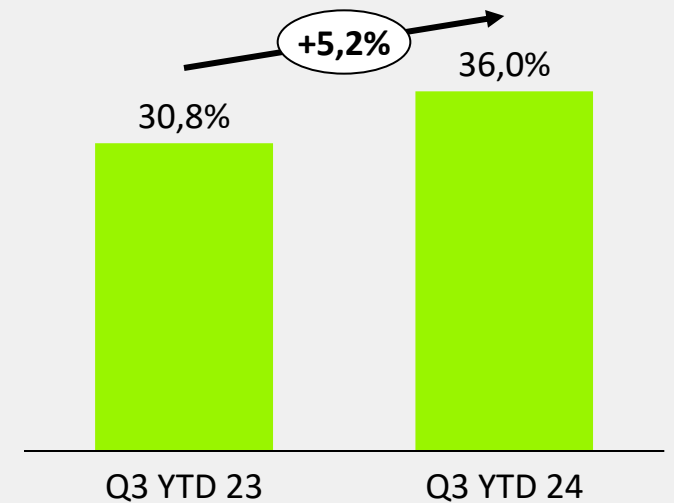
Availability top 1000 products (%)



PRICING

GM improvement vs. last year with YTD improvement of 5,2%-points 24 vs. 23

Gross margin development vs. LY (%-points)



GM-investments in Q3 2024 to ensure returning customers in peak season

MWB indicators | Further indicators pointing towards underlying progress in our turnaround

STORE OPERATIONS

Efficiency in store operations continuing to improve during the quarter

RPWH Q3 improvement vs. LY (%-points)

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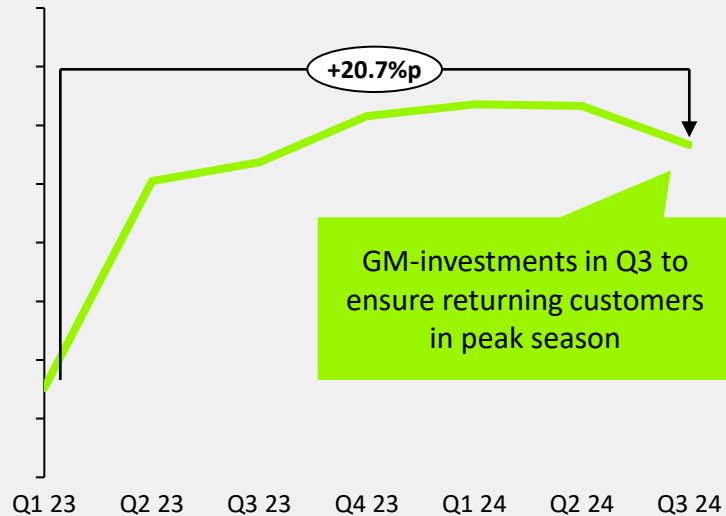
+2,4pp



E-COMMERCE PROFITABILITY

E-commerce improvements over time driving positive shift in online profitability

Development online gross margins* (%-points)

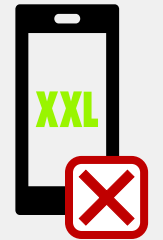


RESTRUCTURING

Exited Denmark & Austria



Closed app



Realizing cost out program



Optimizing store footprint and SQM



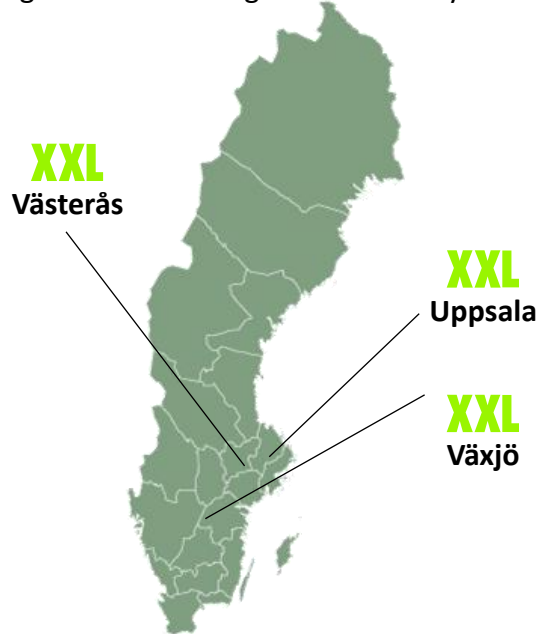
Reduced cost and complexity – increased focus on core business and core markets

* Incl. pure online purchases & C&C

Accelerating “Rethink” in the quarter

Sweden store elevation in Q3

Despite significant SQM reductions, early signs of maintaining sales efficiency



More to come...

Great comeback



Great comeback

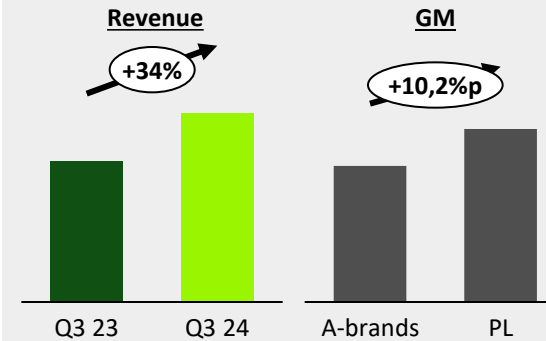


Store upplevelser, små priser

Our new communication platform launched!

Private label & lower price points

PL soft goods revenue growth & GM-%points improvement vs A-brands in Q3



MacKenzie



STORMBERG



PILAGO

Increasing our PL* portfolio and focus on low price points, improving product volumes and GM

REWARD milestone achieved

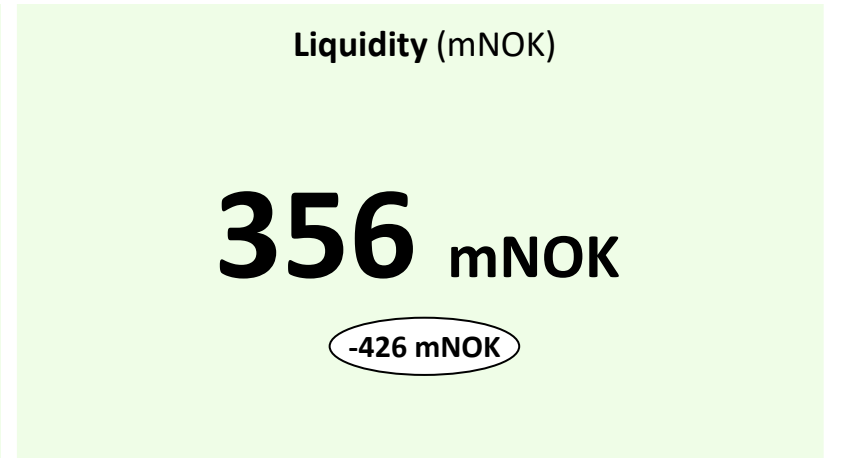
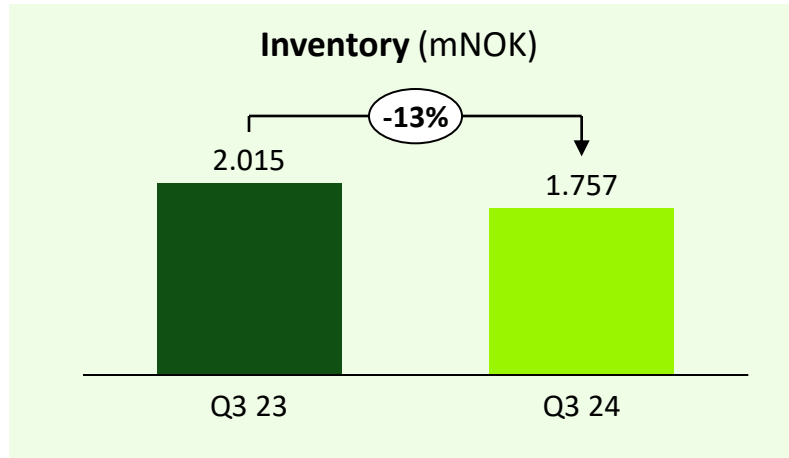
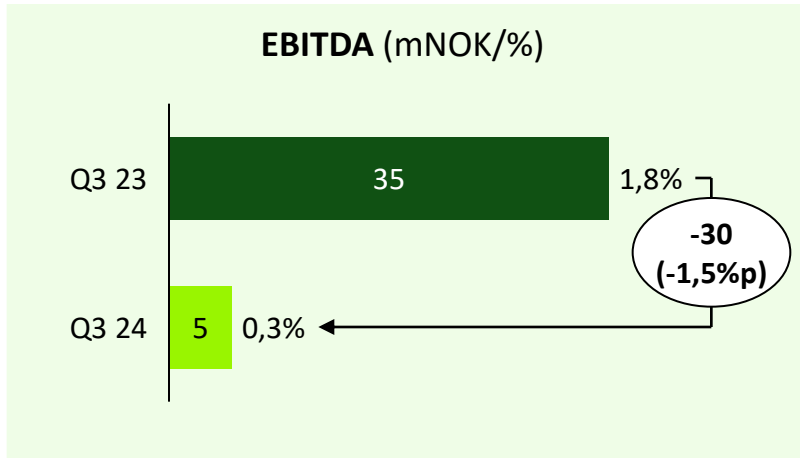
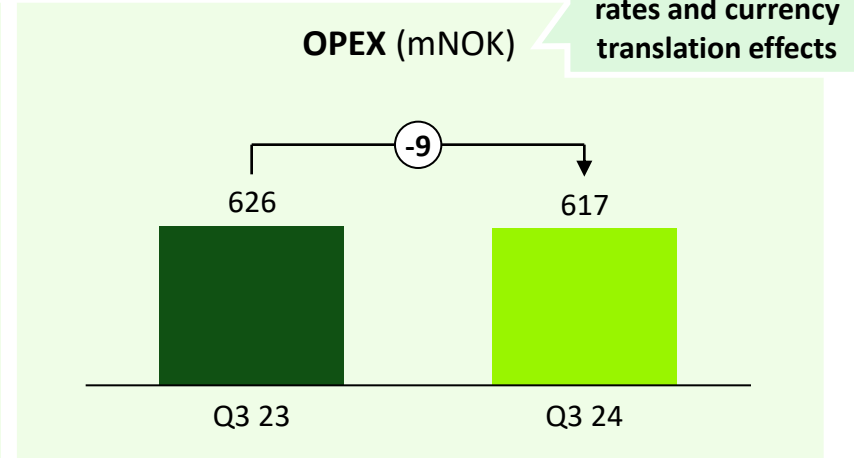
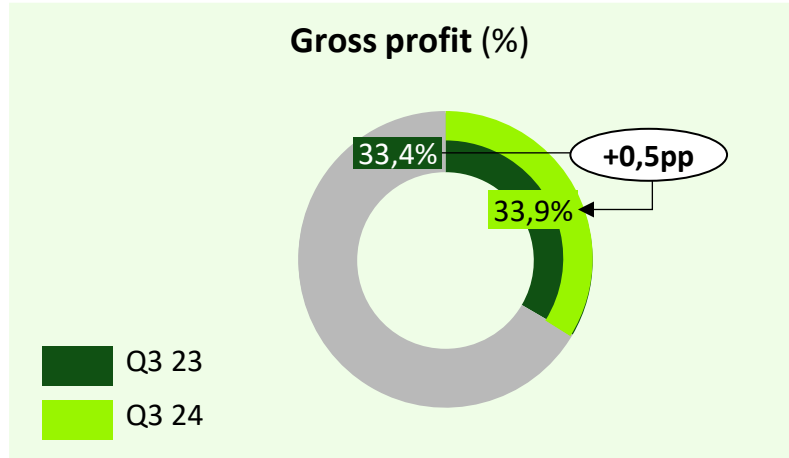
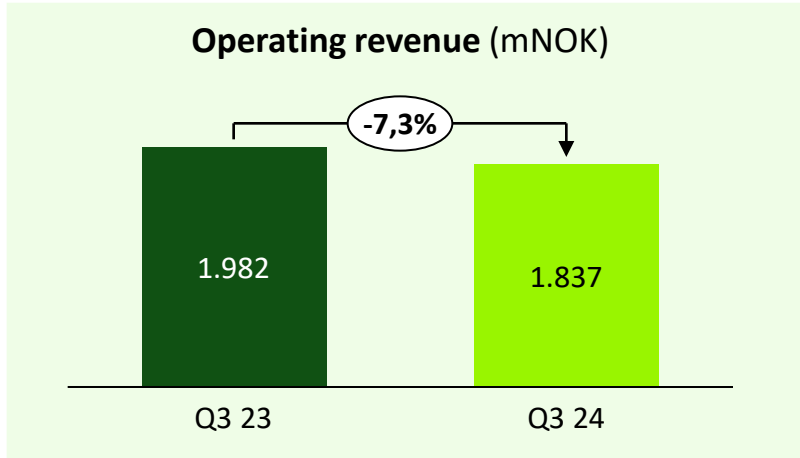
We are celebrating
4 million
 XXL Reward members!

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Q3 2024 financials

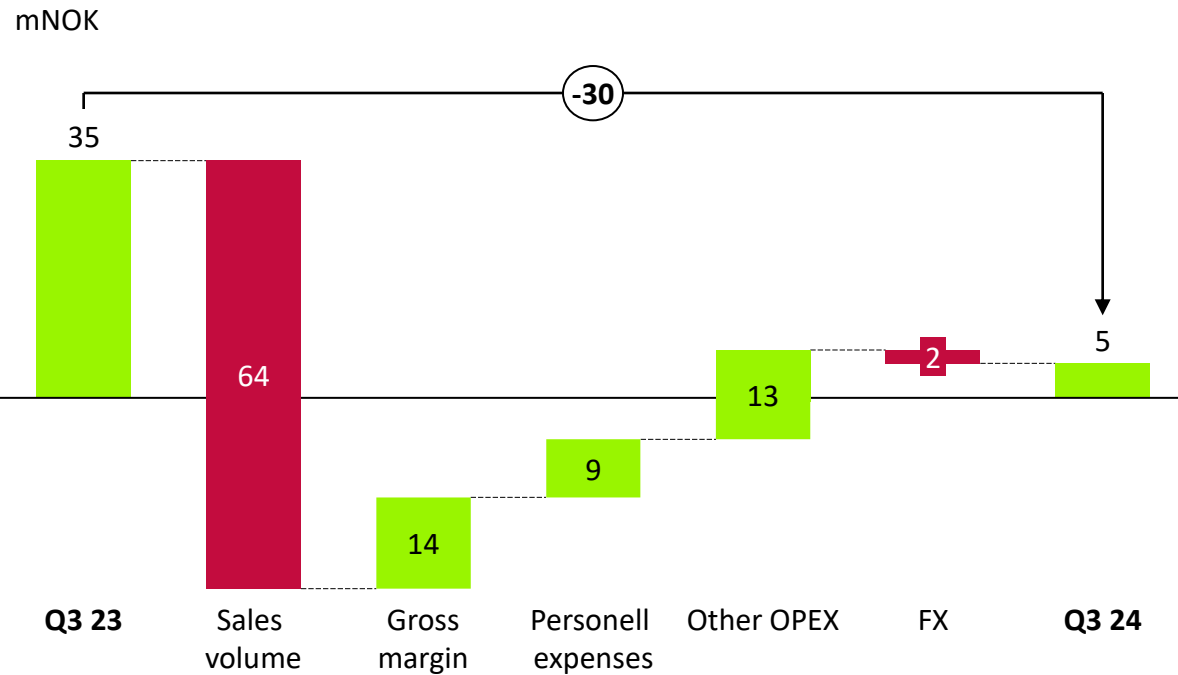


XXL ASA Q3 financial summary

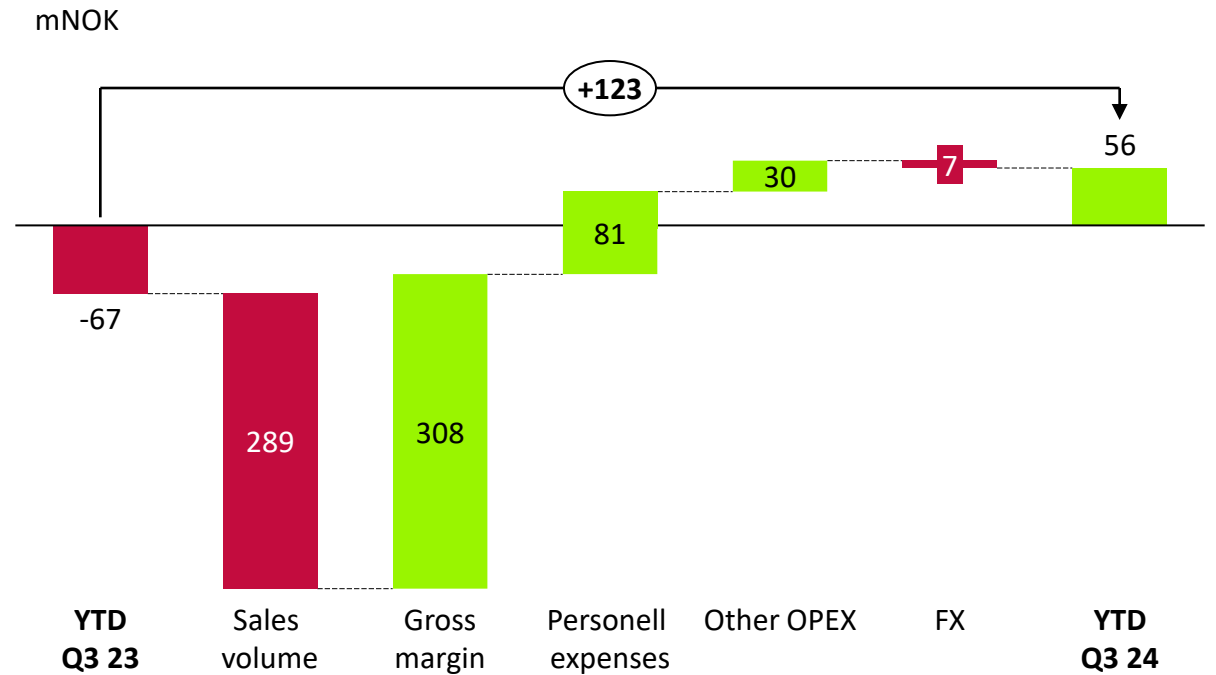


EBITDA | Continued cost and margin improvements offset by reduced sales in Q3

EBITDA Q3 24 vs. Q3 23



EBITDA YTD Q3 24 vs. YTD Q3 23

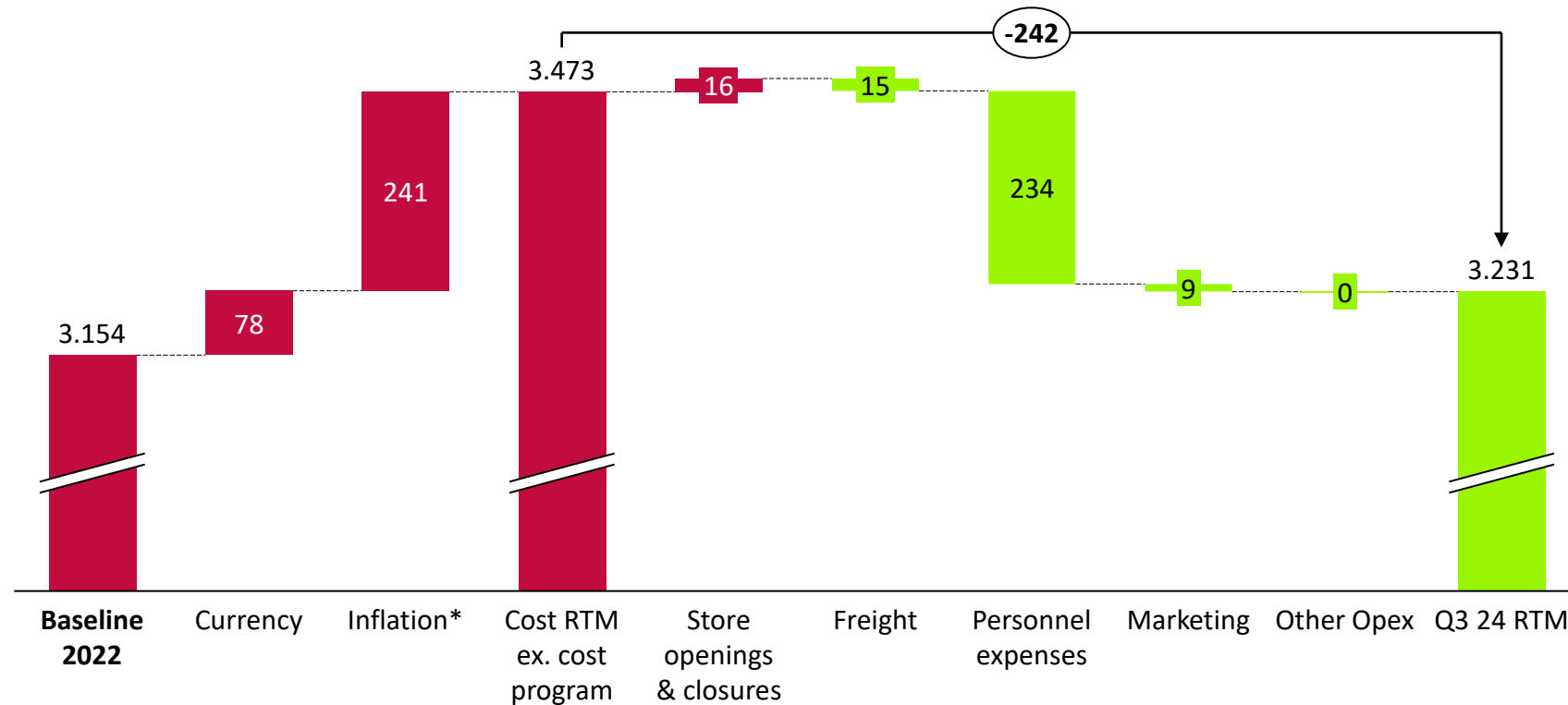


- Sales shortfall and adverse currency change solely explain the decline in EBITDA vs LY
- Cost savings of 22 mNOK from salaries and other OPEX

- Margin improvement more than offsets the effect of sales shortfall YTD
- Cost savings adjusted for last years currency of 111 mNOK
- Adverse currency effect on EBITDA of 7 mNOK from NOK depreciation

COST-OUT | From 2022 baseline, 242 mNOK savings adjusted for currency and inflation

Gross cost savings Q3 RTM 24 vs. 2022 (mNOK)



Comments

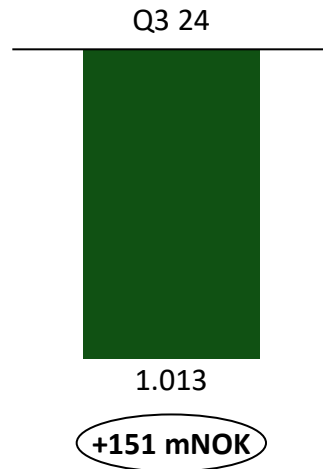
- Cost base increased through currency translation effects as well as inflation on store rental contracts and salary adjustments
- Significant cost reductions within personnel cost across all segments and levels (stores, value chain & administrative functions)
- Expect additional cost reductions particularly within property rents as effects of right sizing of the store portfolio is delivered throughout 2025
- Additional cost savings under execution within other operating costs, procurement initiatives and marketing

* Rent inflation based on actual price increases. Salary and other inflation from national statistics

XXL ASA Q3 2024 balance sheet and cash flow

Net debt development

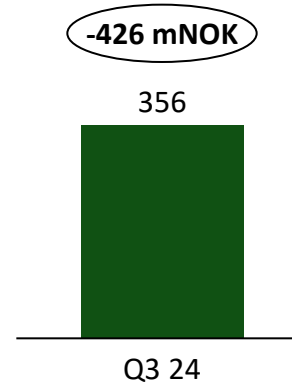
mNOK (YoY change in circle)



- NIBD consists of 137 mNOK in cash & cash equivalents and 1.150 mNOK in interest bearing debt, of which 137 is due within the next 12 months

Liquidity reserves

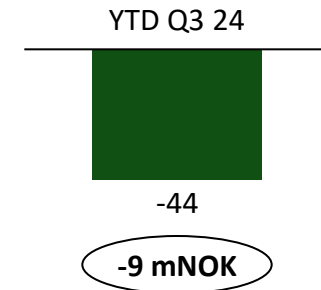
mNOK (YoY change in circle)



- Liquidity in Q3 24 consists of 137 mNOK in cash and 219 mNOK in undrawn facilities

YTD operational cash flow

mNOK (YoY change in circle)



- Earnings before tax 105 mNOK higher YTD 2024
- Working capital increase of 81 mNOK YTD 2024 vs LY, mainly because of clearance sale in Q1 2023
- 32 mNOK provided from discontinued operations LY

XXL contemplating the launch of a holistic financing solution

- **XXL is in the process of securing a financial solution that is expected to cover both short-term liquidity needs and allow for working capital investments**
- **The Company contemplates that the financing will be a combination of a fully underwritten rights issue in the amount of approximately NOK 600 million, a prolongation of the Company's existing loan facilities and a bridge loan**
- **This will enable working capital investments to support efforts in strengthening top line growth and continue to deliver on the “Reset & Rethink” plan.**

Summary and final remarks

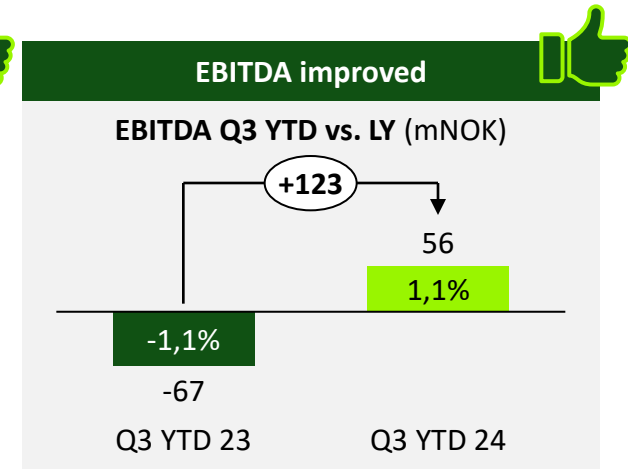
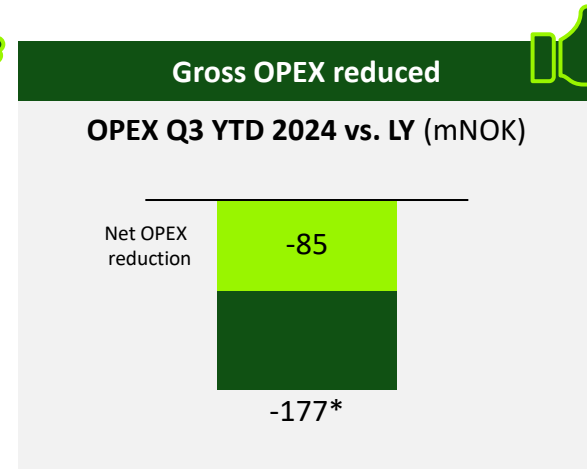
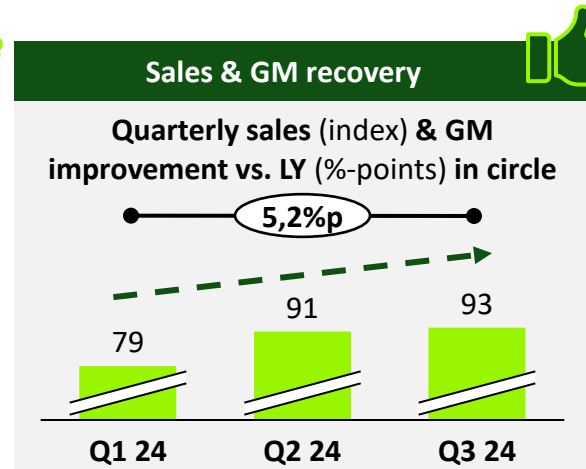


Turnaround progressing well with increasing efforts on top line improvements

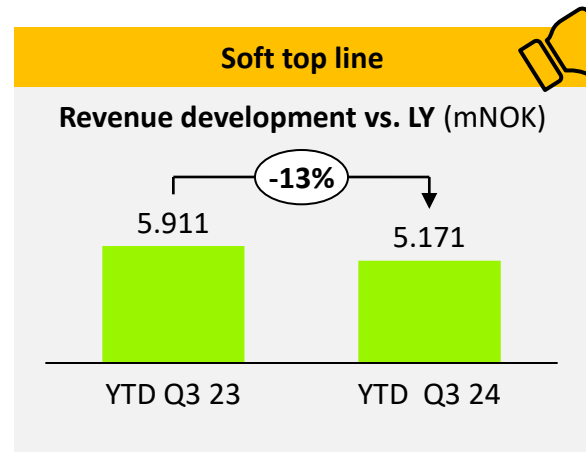
Reset & Rethink progressing

Must win battles

- E-commerce profitability
- Category reset
- Availability
- Pricing
- Store operations



Low availability

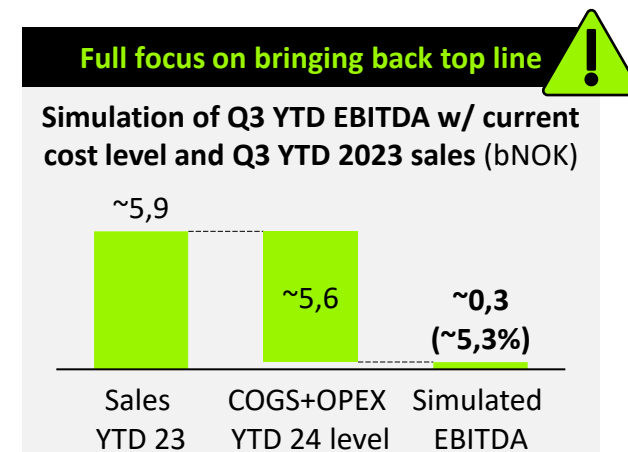


Lift & shift of competence...

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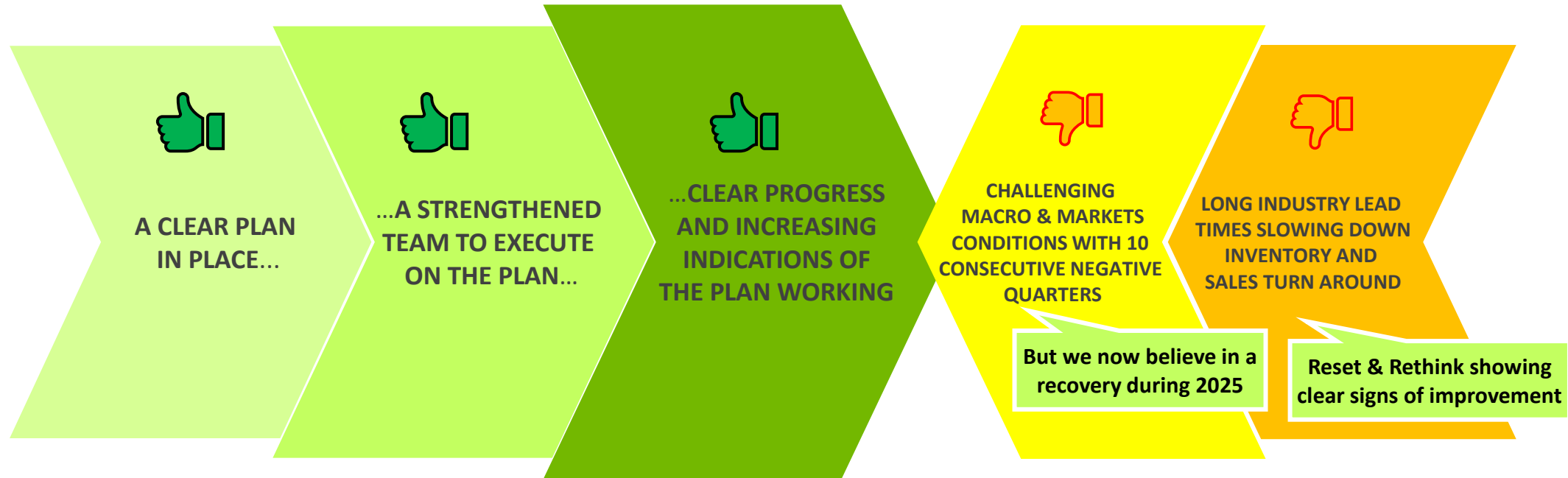
- NO
- SE
- FI
- Central

..with several specialist roles from various retail companies while maintaining same level of head count



* Salary and other inflation from national statistics

We are convinced that we are moving in the right direction | *But macro and market conditions, financing and long industry lead times is holding us back*



Thank you!



XXL

Q&A



Sports unite all.